

Minutes of the Finance Committee

Wednesday, January 22, 2003

Chair Haukohl called the meeting to order at 8:45 a.m.

Present: Supervisors Pat Haukohl (Chair), Mike Sonnentag, Don Broesch, Joe Griffin, Joe Marchese, Jim Behrend, and Genia Bruce.

Also Present: Legislative Policy Advisor Mark Mader, Senior Financial Analyst Andy Thelke, Federated Library Director Tom Hennen, Administrative Services Manager Russ Kutz, Principal Financial Projects Analyst Bob Ries, Treasurer Pam Reeves, Principal Assistant Corporation Counsel Dani Caldwell, Planning & Zoning Manager Dick Mace, Environmental Health Manager George Morris, Hazardous Materials Coordinator Leslie Williams, Senior Financial Analyst Clara Daniels, Collections & Business Services Manager Sean Sande r, Internal Audit Manager Lori Schubert, Information Systems Manager Mike Biagioli, Budget Specialist Linda Witkowski, and Business Manager Betsy Crosswaite.

Approve Minutes of December 11, 2002

MOTION: Sonnentag moved, second by Behrend to approve the minutes of December 11, 2002. Motion carried 7 -0.

Executive Committee Report

Haukohl advised of the following issues discussed at the last Executive Committee meeting.

- Over the next few months, the committee will be reviewing County Code revisions and updates. An ordinance will be included in the next cycle to approve stage 1. Stages 2 and 3 involve further changes.
- Sheriff's Department and UW -Extension staff gave an update on the Stonegate Complex project in Sussex which is similar to the Neighborhood Revitalization project in the City of Waukesha. As a result of the project, calls to the Sussex police have gone down dramatically.

Schedule Next Meeting Dates

Due to a conflict in Haukohl's schedule, the committee decided to hold the next Finance Committee meeting on Wednesday, February 5 at 3:00 p.m.

Announcements

The Waukesha County Senior Dining Program is celebrating its 25th Anniversary and each of the thirteen senior dining centers will be holding their own special event.

Read Correspondence

Haukohl distributed a copy of the Executive Committee's most recent correspondence list.

Meeting Approvals

MOTION: Sonnentag moved, second by Griffin to approve attendance for any committee members wanting to attend the February 4th Land Use Committee meeting or any subsequent meeting in which the gravel pit resolution is taken up. Motion carried 7 -0.

Fund Transfer 2002 -130000-1: Federated Library – Transfer Funds from Operating Expenses (Fund 110) to Operating Expenses (Fund 115)

Hennen and Thelke discussed the fund transfer as outlined which involved transferring a total of \$4,200 to provide matching expenditure authority for unanticipated federal grant funds that were received.

MOTION: Behrend moved, second by Broesch to approve fund transfer 2002 -130000-1, Federated Library. Motion carried 7 -0.

Fund Transfer 2002 -360-2: Health & Human Services – Transfer Funds from Operating Expenses to Fixed Assets

The clerk discussed the fund transfer as outlined which involved transferring a total of \$2,600 to purchase a commercial dishwasher for the Mental Health Center which cost more than what had been estimated.

MOTION: Behrend moved, second by Bruceto approve fund transfer 2002 -360-2, Health & Human Services. Motion carried 7 -0.

3rd Quarter Status Report on Investments

Ries reviewed his reports as outlined including valuation at cost as of 9/30/02, valuation at market, 1995 - 2002 Summary of Waukesha County investments, total investment income, investment portfolio by investment advisor, total investment balances, investment average quarterly rate, etc.

Ries advised that investment revenue increased approximately \$310,000 from the 2nd quarter primarily due to a higher average investment balance of approximately \$17.1 million. Investment revenues had also increased in the 2nd quarter of 2002 following the six previous quarters which had experienced decreases. The primary reason for the increases was because staff shifted as much money as possible out of the short-term investments, because their yields have gone down considerably, and into managed portfolios which are paying out an additional 2% above what the money markets are paying.

Regarding the managed portfolios, Bank One and Galliard did very well in the 3rd quarter although Dana Investment Advisor's performance has not been on the same par. This is because their securities are of a different nature and are affected by the low mortgage and interest rates. And while Dana may not be doing well now, once the situation reverses and rates go back up, their portfolio will show high yields.

Ries advised that staff will be looking to execute a sale with Bank One and Galliard, similar to last year, for a target gain of \$750,000 between both firms. This is because their securities are still appreciating in value. Staff will, however, continue to monitor this on a day-to-day basis. Ries said he would give an update when he appears to give the 4th quarter investments report.

Discuss and Consider County Owned Land/Tax Delinquent Issues in Waukesha County: Outlot Ownership (D. Mace), Contaminated Properties (L. Williams), State Statutes Regarding Sale at Less than Appraised Price, Municipal Special Assessments Policy, and Municipal Assessed Value of Property

Outlot Ownership

Mace referred to his proposal/statement which read "Each individual lot owner shall have an undividable fractional ownership in Outlot(s) No. ____ and Waukesha County shall not be liable for any fees or special assessments in the event they become the owner of any lot in the subdivision by reason of tax delinquency." Mace said under this proposal, he did not think these outlots would become delinquent because if they do, that would mean every property owner in a subdivision, for example, would be liable because the outlot becomes a fractional ownership of each person's lot. Mace noted his department has no control over condos, therefore, he would like the statement to include plats, condos, subdivisions, and certified survey maps. Mace said, ideally, he would like it required that condo plats be submitted to the County for review and approval. After a lengthy discussion, a consensus of the committee supported an ordinance to be drafted by Mace, County Board, and Corporation Counsel staff incorporating Mace's proposal.

Broesch expressed concerns as to how appraisers come up with land values, particularly high ones for unbuildable outlots.

Contaminated Properties

Hauko hl said the county can choose to not take tax delinquent contaminated properties, however, if we don't we still have to pay the taxes to keep the municipalities whole. Williams said which properties the County chooses to take depends on marketability and whether there is any County potential for this land. Not all are contaminated and some may just be unbuildable. All contaminated properties are evaluated prior to deciding whether or not to take them over. Williams noted that grant funding is available to clean up contaminated properties.

Caldwellsaid, oftentimes, municipalities don't have a lot of motivation because they know they will be made whole and that is the County's statutory obligation. It becomes our problem, not theirs. Hauko hl asked if there was something we could do to change that and should we. Caldwell said it would have to be done through a State Statute change. Caldwell suggested outreach to the municipalities and getting them more involved in acquiring these properties from the County, not so much the contaminated properties but more so the abandoned homes. The County needs to explain to them the benefits of getting these back on the tax rolls, etc. Caldwell noted that the Statutes allow the County to sell these properties back to municipalities for the amount of taxes which the County has paid out, interest, penalties and any costs associated with obtaining marketable title to the property.

Behrend brought up the issue of allowing the County to appeal an assessment of certain tax delinquent properties for two to three years which may encourage municipalities to take back those properties. This issue was discussed and debated in length. Hauko hl asked Caldwell if she could draft something on the appeal process for her to take to Madison when she visits with some of the legislators.

State Statutes Regarding Sale at Less than Appraised Price

Hauko hl referred to a Legislative Reference Bureau analysis regarding the co-sponsorship of LRB0951/1 with regard to the sale of tax delinquent property. Under current law, a County may sell tax delinquent real property that it acquires. To sell the property, the county must use a competitive bidding process by which the county may accept the bid that is most advantageous to the county, but may not accept a bid that is less than the appraised value of the property. Under this bill, to sell tax delinquent real property, the county may accept the bid that is most advantageous to the county, but, at the first attempt to sell the property, the county may not accept a bid that is less than the appraised value of the property. At subsequent attempts to sell the property, the county may accept the bid that is the most advantageous to the county, but the county may not accept a bid for an amount that is less than the property's appraised value unless the Finance Committee approves the sale. Hauko hl said Krahn believes the bill will go through this session.

Reeves had a concern with the bill and referred to a situation where an alley was on the County's books for \$1,000 and more than one property owner was using it. One person was interested in buying it but not for \$1,000. This person wanted it re-appraised so staff paid \$150 for a re-appraisal which resulted in a \$400 value. Staff felt it was only fair to include this in the auction in case this person's neighbors were interested as well, particularly due to the now lower price. Reeves said when properties are put up for auction, all adjacent property owners are notified. Caldwell felt the legislation requires an auction the first time but not subsequently. Macenoted that this was an analysis and not the actual bill. Reeves suggested being able to lower the value but that the sales should be advertised to inform the public.

Hauko hl said Rep. Scott Gunderson's intent with this bill is to make it easier for counties that have acquired properties by tax deed or foreclosure to sell properties that are not marketable at appraised value. Currently, State Statutes do not allow a sale for less than the appraised value and this poses challenges for properties that are environmentally challenged, are not developable, or are less than desirable. This legislation will allow these properties to get back on the tax roll and allow counties to partially recoup invested money. After further discussion, a consensus of the committee supported this legislation and

Haukoht said she would inform Gunderson of the Committee's support. They also supported Reeves suggestion.

Municipal Special Assessments Policy

Caldwell said current law states that the County does not have to pay special assessments imposed on properties the County forecloses on while the County is the owner. However, once the property is sold, then the municipality must be paid the assessments. A bigger problem is assessments placed on properties that are inflated for whatever reason. There is currently an unbuildable lot in Menomonee Falls with a huge sewer assessment on it. Not only do we have to sell this for the appraised value but we also have to pay the added assessment. Macereferred to his sample outlot proposal and said they have corrected the fee and special assessment issues for outlots so this won't be a problem. Caldwell said, years ago, the County decided that it would pay assessments because of the 18% interest the County was getting. Caldwell suggested perhaps paying municipalities for the special assessments but if the County had to foreclose on the property, they would have to pay us back. Currently, municipalities know the County will reimburse them so they don't care how much money they stick into a property, be it cleanup costs, sewers, etc. She suggested that a fiscal analysis be done to determine if this policy should be changed so we no longer automatically, under all circumstances, pay for these special assessments. Reeves said we're one of the very few counties that pay for these. She felt municipalities enter into that because, she believes, they get a better bond rating if the County buys out the special assessments. With regard to payment of special assessments, Caldwell said she would look into whether we can exclude certain municipalities and if we could choose which ones we want to pay and which ones we don't.

Municipal Assessed Value of Property

This issue was covered during the above discussions.

Sonnentag left the meeting at 11:54 a.m.

Discuss and Consider State Lottery Credit Re - Count Issue

Reeves said at the start of the State Lottery Credit, a mass mailing of postcards were sent to all property owners to sign and send back to the Treasurer's Office. Once received, the lottery credit was put on their tax bill. Every five years, staff are required to do another mass mailing and the recertification process begins. This can be cumbersome as some people miss returning the cards and then don't receive the credit on their bills, causing tax bill adjustments to be made during the already busy tax season. In addition, some property owners return signed cards for every property they own when legally they're only entitled to one credit, which is on their primary residence. Extensive staff time is spent policing this. A recertification is scheduled for 2004. Although the State will reimburse them 70 cents per card, past experience has shown that this doesn't begin to cover the costs and administrative time needed for the mass mailing nor does it create more accurate tax records. County treasurers across Wisconsin are seeking support in the form of a resolution to waive the upcoming lottery credit recertification process. Copies of Sauk County's resolution proposing the change were redistributed. Reeves proposed that Waukesha County draft and adopt a similar resolution.

MOTION: Broesch moved, second by Behrend that Reeves work with Legislative Policy Advisor Dave Krahn to determine the best way to handle this issue. Motion carried 7 - 0.

The committee recessed at 12:05 p.m. and reconvened at 12:55 p.m. Sonnentag was absent.

3rd Quarter Status Report on Collections

Sander distributed copies of a revised report. Total nine-month collections increased 34.8% from 2001 and increased 33.0% from 2000. The amount collected by the end of the 3rd quarter in 2002 was \$1,385,130. Sander noted that 2002 will have the highest yield with regard to collections, probably over

\$2 million by year -end. New revenue sources identified and/or implemented by Collections have generated \$669,008 of additional revenues for Waukesha County in the first nine months of 2002.

Review Internal Audit Report Entitled "Waukesha County Unannounced Cash Counts - December, 2002"

Schubert discussed this issue as outlined in the report. She said cash counts at the three golf courses are improving. The frequency of errors stayed about the same as last year but the overall dollar amount (cash shortages) were down significantly at all three courses this year. There's still room for improvement at Wanakibut she believes they're on the right track. Audit staff also looked at the timeliness of daily deposits. All three courses improved this year although there's room for improvement for Wanaki in this area as well. Moor Downs could also do a little better.

Contract Procurement Process for Information Systems Support

Bruce and Biagioli discussed this issue. The contract for applications, Oracle, web services, end user services, network services, and SQL server DBA were awarded to the three highest scoring firms for each of those skill categories. The cost of the contracts will not exceed the first year budgeted amount of \$525,000. The RFP was posted on the Internet and a total of 54 proposals were received for consideration.

MOTION: Broesch moved, second by Bruce to approve the contract procurement process for Information System support. Motion carried 6 -0.

Fund Transfer 2002 -010-2: Public Works - Transfer Funds from Operating Expenses to Personnel Expenses

Crosswaited discussed the fund transfer which involved transferring \$37,000 to cover budget overages in the areas of salaries (\$16,000), overtime (\$6,300), and health insurance (\$34,000). A portion of the overage was offset by employee benefit cost accounts being underspent. Salaries exceeded budget due to higher cost than projected for vacancy, and higher associated vacation payments than originally expected. Overtime cost exceeded budget due to additional projects. Also, there were more employees than usual who changed health insurance plans from single to family coverage.

MOTION: Broesch moved, second by Bruce to approve fund transfer 2002 -010-2, Public Works. Motion carried 6 -0.

Future Agenda Items

- Discuss the Issue of Exempt Municipalities from the County Levy for Certain Services (Griffin)
- Review Transit Services Budget Estimates of 2002 (Griffin)

MOTION: Broesch moved, second by Griffin to adjourn at 2:21 p.m. Motion carried 6 -0.

Recorded by Mary Pedersen, Legislative Associate.

Respectfully submitted,

Joseph F. Griffin
Secretary